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Published in:
African and Asian Studies

Publication date:
2013

Document version
Publisher's PDF, also known as Version of record

Citation for published version (APA):
Emmanuel, N. G. (2013). Democratization in Malawi: Responding to International and Domestic Pressures. *African and Asian Studies*, 12(4), 415-434.

Democratization in Malawi: Responding to International and Domestic Pressures

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Abstract

Donors hope that their foreign aid can be influential, far beyond the development projects that they fund. Frequently, aid providers attach political conditions to their monies in the hope that these demands can serve as catalysts to improve the governance in the recipient. This is called a political conditionality approach. Few countries have felt the weight of conditionality as much as Malawi did in the 1990s. Here, donors were able to use aid sanctions to successfully encourage democratization, while strengthening the demands of domestic opposition forces. This paper argues that three factors were critical in this process: 1) aid dependency, 2) donor coordination, and 3) a strong and persistent domestic opposition. With their combined weight, foreign donors and Malawian civil society were able to change the tide in this once highly authoritarian country.

Keywords

Malawi; Conditionality; Democratization; Foreign Assistance

General Introduction

A political conditionality approach seeks to move leaders in authoritarian countries to adopt democratic reforms by using donor aid as both a carrot and a stick. In such an action, foreign assistance functions as leverage to support democratization in the aid beneficiary. The bargain is straightforward: recipients can begin applying the required changes and continue receiving aid, or they ignore donor demands and foreign assistance will be cut back. Since the early 1990s this method of persuasion has been deployed in a widespread manner by most donors.

Political conditionality ties economic aid to democratization (including multiparty elections, increased checks on executive power, good governance, transparency, the rule of law, and respect for human rights) (Nelson and Eglinton 1992: 26-32). These reforms are traded for future economic support.

Under such a relationship, “the donor sets certain conditions to be met by the recipient as a prerequisite for entering into an aid agreement or for keeping up aid . . . Foreign aid is used as a lever to promote objectives set by the donor . . .” (Stokke 1995: 11-13). Furthermore, political conditionality is most frequently viewed as a coercive incentive, or even a punishment (i.e., aid suspension) for undesired conduct (Rothchild 1997: 102). As Rothchild indicates, “A coercive incentive employs a mix of threats and punishments to induce a change of preferences from the target state . . . leading to compliance with a proposed course of action” (Rothchild 1997: 103). This is an essential part of this form of donor influence.

In this study, I argue that a political conditionality approach can promote democratization in certain cases, under specific circumstances – primarily, high levels of aid dependence in the recipient, the presence of close inter-donor coordination, along with a strong and persistent domestic opposition inside the aid beneficiary. The goal here is to provide a better understanding of the factors that influence the success or failure of a political conditionality approach by using the experience of Malawi during the 1990s as a critical case-study. Overall, I ask if political conditionality can be a useful tool capable of facilitating democratization in aid recipients. The objective is to illustrate how the above mentioned explanatory variables interact and impact the overall effectiveness of the application of political conditionality. This study will be divided into four parts: 1) the compatibility of domestic and external influences on democratization, 2) research design and methodology, 3) the some key background concerning Malawi, and 4) an analysis of the critical hypotheses in regards to the democratization process in Malawi during the time-period in question.

The Compatibility of International and Domestic Influences on Democratization

Democratization¹ is a complex process involving the interaction of agency and structural factors, along with domestic as well as international influences. It is particularly difficult to discern which sort of pressure, international or domestic, or some combination of two, was at work in any given democratic transition

¹ Dahl's concept of polyarchy, measured by the level of political and existence and strength of executive constraints, provides a basic framework for understanding democracy as used in this study. Along these lines, in this study, democratization is used to refer to liberal political change that includes the following elements: 1) the adoption of representative political institutions, 2) regular, free and fair, multiparty elections, and 3) political space for opposition and civil society. For further information on democracy and democratization in Africa, see also Tukumbi Lumumba-Kasongo (Ed.) *Liberal Democracy and Its Critics in Africa: Political Dysfunction and the Struggle for Social Progress*, South Africa, Pretoria: UNISA; Senegal, Dakar: CODESRIA and United Kingdom, London: Zed Books, 2005 and 2006.

(Bratton and van de Walle 1997: 182). Nonetheless, most of the literature on democratization focuses on domestic reasons behind reform. But I argue that while domestic factors are critical, they can be greatly strengthened by the behavior of external actors.

Domestic Influences

Much of the academic debate centers on the role of domestic factors in democratic change. As Claude Ake argues, “democratization is not something that one people does for another. People must do it for themselves or it does not happen” (Ake 1991: 38). Addressing the dramatic political changes that swept across Africa in the 1990s, Naomi Chazan indicates that “domestic explanations lie at the root of the new political climate on the continent . . .” (Chazan 1992: 281). Furthermore, directly arguing against a political conditionality approach, Peter Uvin states that “foreign aid cannot substitute for the presence of internal forces . . .” (Uvin, 1998: 237). Along these same lines, Bratton and van de Walle argue that one of the best measures of a potentially successful democratization is the frequency and magnitude of organized anti-government protests. They also point out that democratization and “competitive elections almost always occurred wherever there was extensive protest . . .” (Bratton and van de Walle 1997: 221). The frequency of anti-government protests should be able to serve as a broad proxy for overall strength of the opposition and their ability to mobilize domestic support. It clearly makes sense that outside influence is not a sufficient substitute for genuine commitment to reform on the part of governments and other domestic actors (Smith: 1997). But, it may help.

Adding External Pressures and Incentives

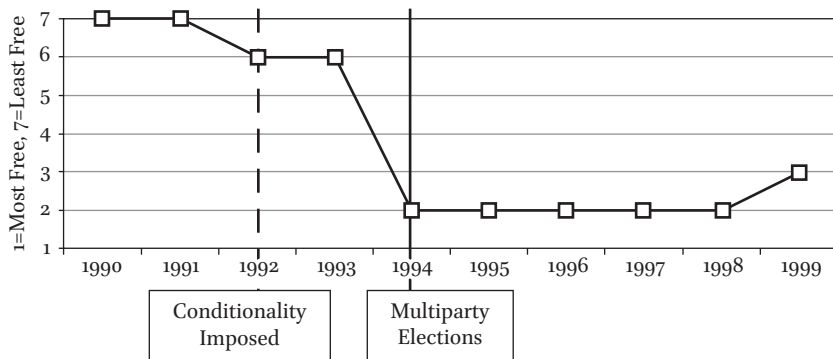
As is argued in this paper, Gordon Crawford concludes that “... external intervention is more successful when it combines with the internal pressure exerted by an active political opposition . . .” (Crawford 2001: 201). That is to say, domestic and international pressures combine to make a powerful voice for change. Foreign pressure will be most successful when combined with strong internal opposition. The deployment of external aid conditionality may not be sufficient enough to induce political reform on its own, but it can be a critical force multiplier for domestic opposition groups, sending clear signals of international support and emboldening the local actors. The synthesis between the local and the international creates a potent force for change. Michael Bratton and Nicolas van de Walle also claim that, “... the onset of African regime transitions was driven principally from within but against a background of political and economic influences from abroad” (Bratton and van de Walle 1997: 151). As argued here “External pressure should be viewed as providing extra support for already powerful internal pressure” (Wiseman 1994: 441).

Methodological Approach

Political conditionality is considered to be effective when the target pursues the path towards democratization. Being the case, this study focuses identifying what democratic reforms take place, when and to what extent (Uvin 1993: 67). When implemented, these political changes should be obvious in readily available data sources such as those published regularly by organizations like Freedom House. Although such ready-made indicators are far from perfect and at times overlook critical events and evolutions, they should be able to provide us with a suitable compass, pointing out the general direction of democratic change. This study operationalizes Freedom House's political rights scores as a central part of its outcome variable. The emphasis is placed on change in Freedom House political rights scores after the application of aid sanctions related to a political conditionality approach by the major donors states. For example, in Malawi, Freedom House political rights scores dramatically improved from 1992 (i.e., year of the imposition of donor conditionality and the beginning of opposition protests) to 1994 (i.e., the year of multiparty elections), with a four-point change from a score of six (i.e., authoritarian – "not free") to a score of two (i.e., democratic – "free"). Figure 1 below demonstrates the dramatic magnitude of the democratization process.

In the time period in question for this study, from 1990 to 1999, four of Malawi's major donors applied significant aid cuts: the United Kingdom, the United States, Japan, and Germany. Five other minor donors also reduced their assistance: Denmark, France, Portugal, Italy, and Canada. The aggregate with-

Figure 1
Malawi Freedom House "Political Rights" Score (1990-1999)



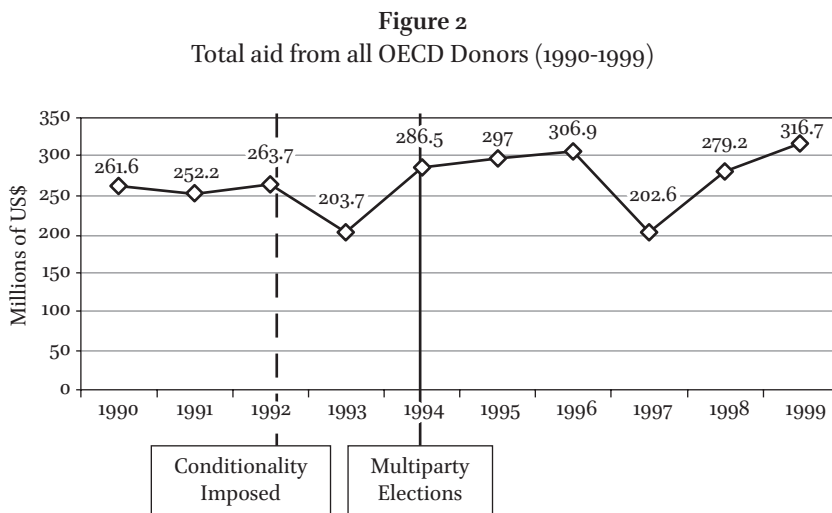
Source: Freedom House

drawal of economic assistance is clear from the aid distribution in the 1990s from all OECD/DAC donors, seen in Figure 2 below.

The United Kingdom along with the United States, Japan and Germany moved collectively to suspend project and program aid from 1992 to 1993. Only humanitarian aid was continued in order to confront the severe drought hitting the Southern African subregion. During the period, total OECD/DAC aid to Malawi dropped from \$263.7 million to \$203.7 million, or a downturn of about a 25%. This downturn significantly impacted Malawi and its economy, due to the high levels of aid dependency (i.e., Aid/GDP). The application of conditionality and the related drop in foreign assistance is most evident in the downturn in aid flows from Great Britain, especially in 1992 and 1993, compared with the baseline of 1990-1991. As the lead donor in applying aid sanctions, British aid declined by 58% over the years in question, from \$50.5 million in 1991 to a low of \$21.3 million in 1993. However, why did this downturn in donor assistance matter and how did this eventually lead to a significant shift towards democratization in the Malawian regime?

Key Explanatory Variables

Three critical factors influence the success of a political conditionality approach in Malawi and elsewhere: aid dependence, donor coordination, and the strength of domestic demands for democracy. Each of these explanatory



Source: OECD Library

variables strengthens the impact of this particular foreign policy tool available to donors.

1. *Aid Dependence*

Aid dependence can be defined as a situation in which a country cannot perform many of the core functions of government or the delivery of basic public services without foreign aid funding and expertise (Brautigam 2000: 2). This critical catalytic factor (measured in economic aid as a part of Gross National Product) is perhaps the most straightforward hypothesis presented in the conditionality relationship. According to Gordon Crawford, "the degree of effectiveness of political conditionality will be in direct proportion to the degree of aid dependency" (Crawford 2001: 202). It would be logical to assume that "a highly aid dependent country should be receptive to demands for change in return for assistance" (Foster and Jennifer 2001: 11). Over-reliance on foreign assistance can make peripheral economies especially vulnerable to donor aid sanctions (Uvin 1998: 237, Brautigam 2000: 24). Also, as Zartman points out, aid dependency can widen power asymmetries between the donor and the recipient, thus facilitating conditionality (Zartman and Rubin 2000: 85). This leaves such countries with little room to bargain with donors. Furthermore, Olav Stokke stresses that at higher levels of aid dependency even minimal reductions in aid may destabilize the recipient government (Stokke 1995: 44). Simply put, these countries need the money and can be expected to do almost anything demanded of them in order to keep aid flowing in. This is illustrated by the following general hypothesis:

Hypothesis 1a: Highly aid dependent regimes should not be able to refuse donor demands for reform, strengthening conditionality.

However, aid dependency can be a double-edged sword, perhaps undermining conditionality instead of increasing its potential to facilitate democratization. Some development economists argue that aid dependent regimes are highly unlikely to reform under any circumstance. Stephan Knack points out that "Aid dependence can potentially undermine . . . pressures to reform" (Knack 2000). Arguing along the same lines Brautigam indicates that "Aid dependence can make reforms less likely to occur" (Brautigam 2000: 6-7). High levels of aid dependency, along their lines of reasoning, significantly undermine the aid recipient's capacity to carry out reforms (Azam and O'Connell: 1999). This leads to an alternative hypothesis.

Hypothesis 1b: Highly aid dependent regimes lack the capacity to reform, undermining conditionality.

Aid dependency can be measured by determining the overall size of Official Development Aid (ODA) as a part of Gross National Product (GNP), expressed as the ratio ODA/GNP (Stokke 1995: 44, Knack 2000). These data are readily available from the World Bank's *World Development Indicators*.

2. Donor Coordination

As with sanctions, how does a coordinated, multilateral effort by donors to impose conditionalities impact democratization? A coordinated approach to conditionality among several key donors, presents a more significant pressure than a unilateral effort (Stokke 1995: 45, Crawford 2001: 205). This type of inter-donor cooperation demonstrates the seriousness and credibility of their threats, and should increase the pressure on the recipient (Lancaster 1999). Olav Stokke hypothesizes that close cooperation between several key donors presents a more significant pressure on an errant regime than a unilateral effort (Stokke 1995: 63). This leads to the following argument:

Hypothesis 2: The higher the number of donors imposing aid sanctions should have a positive impact on the effectiveness of political conditionality to encourage democratization in the targeted aid recipient.

It would seem logical, as Crawford points out, that a coordinated approach among several key donors would present a more significant pressure on an errant regime than a unilateral effort (Crawford 2001: 205). It is obvious that donors could clearly increase their leverage on aid recipients by ganging up on them. Such an international effort demonstrates the seriousness and credibility of donor threats, and should increase the pressure on the recipient in most cases (Lancaster 1999, Stokke 1995). Donor cooperation should increase the effectiveness of conditionality. Scholars such as Stokke and Crawford make a very forceful argument that when donors work together in applying political conditionalities the probability of political reform among aid recipients should go up dramatically (Stokke 1995: 45, Crawford 2001: 205). Aid recipients simply have nowhere to turn for precious foreign assistance.

Yet, getting major international donors to work together is not as easy as one might seem. Key aid donors with close ties frequently let their perceived national interests get in the way of seriously applying conditionalities (Emmanuel 2010; Emmanuel 2013). Furthermore, "donors are not uniform or consistent in applying the modern political agenda . . ." (Burnell 1997: 121). Donors focus on different issues related to democratization, making harmonization of conditionalities rather difficult. This overall lack of consistency and focus amongst donors undermines conditionality (Crawford 1995, Crawford 1997). As Boyce argues, "... in the absence of inter-donor coordination, aid recipients can be

expected to shop around for offers of assistance with a minimum of strings attached . . ." (Boyce 2002: 23). If donors are divided, a targeted aid recipient could play the donors off against each other and potentially subvert conditionality. Two of the prominent impediments obstruct donor cooperation. These factors include: 1) the lack of collective donor institutions to coordinate their activities, and 2) commitment problems faced by donors.

One of the clearest weaknesses undermining inter-donor cooperation is the lack of international institutions that can effectively coordinate the implementation of aid conditionalities (Burnell 1997: 121). One could cite the existence of the Organization for Economic Cooperation and Development (OECD) and its Development Assistance Committee (DAC), which was established in 1960 as a forum for consultations among donors on major aid questions. Certainly, the DAC has mainly focused on two issues burden sharing and improving aid effectiveness, but it has not been a very efficient tool for mobilizing donors and coordinating donor efforts. The DAC provides little more of than an occasional forum for discussions among donors and a clearing-house for data on aid and developing countries generally, it hardly represents a serious body capable of coordinating the activities of rich country donors (Dijkstra 2002). However, the most successful efforts to unify donors have been the World Bank's ad hoc "Consultative Groups", as was the case with Malawi in the early 1990s. But this does not translate into any type of permanent institutional arrangement.

The major side effect of an ad-hoc approach is that there exists no uniform framework, criteria or agenda for political conditionality (Burnell 1997: 121). Such inconsistencies among donors can undermine their policies. Aid recipients identify these differences and rightfully try to court donors that are hesitant in applying conditionality. Furthermore, it is extremely difficult to get donors to sanction an aid recipient that they have close ties with. Donor-state's frequently let their national interests guide their foreign aid policies. This study identifies two sources motivating collective, coordinated pressure by donors. First, the trends of Net ODA (by individual donors and by all OECD donors overall) can be examined for all cases so as to identify clear drops in aid around critical dates. Second the overall number of key donors that impose aid reductions are critical in identifying coordination.

3. *Strength of Domestic Opposition Protest*

For most scholars who study democratization, political reform can only be successful in the presence of a strong, organized domestic opposition (Sandbrook 1986: 319-332, Kunz 1991: 224, Bratton and van de Walle 1992, Sandbrook 1993, Callaghy and Ravenhill 1993, Bratton and van de Walle 1997: 182, Smith 1997, Carothers 1998: 96, Uvin 1998: 237). There is no real substitute for a genuine

domestic desire for change. Esteemed political scientist Claude Ake tried to explain why: "Like development, democratization is not something that one people does for another. People must do it for themselves . . ." (Ake 1991: 38). Continuing on this same point, Michael Bratton and Nicolas van de Walle argue that one of the best measures of a potentially successful democratic transition is the frequency and magnitude of organized anti-government protests. As they point out, transitions to democratic polities with "competitive elections almost always occurred wherever there was extensive protest" (Bratton and van de Walle 1997: 221). Therefore, one cannot escape discussing democratization without referring to local oppositions and their ability to organize anti-government sentiment. This issue has also come to the attention of conditionality scholars such as Gordon Crawford, who indicates that "... external intervention is more successful when it combines with the internal pressure exerted by an active political opposition" (Crawford 2001: 201). This project also holds the hypothesis that a strong and active domestic political opposition can be strengthened by international pressure and increase the likelihood of reform.

Hypothesis 3: Donor aid conditionalities will most effective in the presence of strong domestic protest against a given authoritarian regime.

The protest data used to construct this variable can be derived from the Social Conflict in Africa Database. The frequency and number of civilian deaths will determine the strength of opposition protests.

Democratization in Malawi

In the early 1990's, Malawi represented an "island of stasis" in an Africa submerged in a massive, continent-wide movement towards multiparty democracy" (*Africa Confidential* 20 December 1991). This wave of reform that hit the region was so widespread that by the end 1990's almost all sub-Saharan African countries had adopted multiparty constitutions, abandoning the single-party state model. As these momentous changes swept across the continent, Malawi's leadership struggled to stay afloat against the tide of change in the face of pressure from its domestic opponents and an increasingly aggressive international community.

Democratization in Malawi was subject to significant pressure from donors applying a conditionality approach to their aid, and was bolstered by a strong reform-minded domestic opposition. According to Crawford, Malawi presents a case in which aid "sanctions made a *significant* contribution" to the country's

overall process of democratization (Crawford 2001: 187). As will be demonstrated here, President Hastings Kamaza Banda's regime responded clearly and quickly to a combination of donor and domestic pressures. Banda found himself under siege from above and below, from home and abroad. Given its extremely high level of external aid dependency, post-Cold War lack of foreign donor allies, and a growing internal pro-democratic opposition, Malawi underwent rapid political change from 1992 to 1994. Along with the changes of the position of Malawi in the international system, key domestic factors led the initial shift away from authoritarianism in Malawi.

Malawi's remarkable democratization was sparked by a group of Catholic bishops in the spring of 1992, shortly before donor aid sanctions. The domestic push for change began with what is referred to as the *Pastoral Lenten Letter* read from pulpits across the country on 8 March 1992. The Pastoral letter was issued during the Catholic season of Lent. It was entitled "Living Our Faith", and was signed by the entire upper hierarchy of the Malawian Catholic Church, one of the largest spiritual communities in the country (Newell 1995: 245). The reading of the Pastoral Letter went on to inspire a widespread opposition movement that would eventually replace Banda's authoritarian regime with a multiparty democracy. The letter presented a biting criticism of the country's leadership and called for a political opening (*Africa Research Bulletin* 1-31 March 1992). The bishops' message quickly went beyond Malawi's estimated three million Catholics, as it was faxed, copied, and handed out across the country. The lid of dissent had been removed permanently. The collapse of Banda's regime had begun.

The Malawian government took the Pastoral Letter as a direct threat. They saw the Catholic Church as the only organization capable of penetrating the rural countryside and getting its message of dissatisfaction across to a wide audience. The regime immediately moved to silence what it perceived as seditious rivals. Two days later, on 10 March 1992, Malawi's eight Catholic bishops were arrested (*Africa Research Bulletin* 1-31 March 1992). In Malawi, the immediate reaction was that attendance at Catholic masses grew dramatically after the reading of the letter, beyond the size of that particular religious community in the country.

At the time of the publication of the Pastoral Letter by Malawi's Catholic bishops, a number of exiled members of the political opposition were meeting in Lusaka, Zambia to demand for a new political direction in their country. Former political prisoner and trade union militant, Chakufwa Chihana emerged as their leader. Chihana, the secretary-general of the Southern African Trade Union Congress, a regional body representing some 10 million workers in a

dozen Southern African nations, returned from exile to challenge the Banda regime on 6 April 1992. Upon his return to the Malawian capital, Lilongwe, he was immediately stopped by the security forces at the airport and arrested for reading a statement demanding a referendum on the future of the Banda regime and declaring the formation of an opposition movement to challenge the ruling Malawi Congress Party (MCP), the sole legal political party (van Donge, 1995). This was an illegal act under Malawian law, and Chihana was charged with treason.

Before leaving for Malawi, Chihana told journalists that "I am prepared to die to advance the cause of democracy in my country (*Africa Research Bulletin* 1-31 April 1992). Chihana's arrest instantly became a symbol for both the internal and external opponents of the Banda regime and his court appearances became targets of regular antigovernment demonstrations. Donors immediately reacted to Chihana's detention. The United States Department of State issued a statement condemning his arrest, calling it a "serious concern", while British diplomats called for his immediate release (*Africa Research Bulletin* 1-31 April 1992).

Chihana's act of public defiance against the Banda regime followed the tone set by the bishops only a few weeks earlier. However, other internal opposition activists decided to organize in a more clandestine manner, mainly out of fear. The primary group was the United Democratic Front (UDF), whose leadership kept secret, but was said at the time to have a broad following, even among some in the upper echelons of the ruling MCP (*Africa Confidential* 22 May 1992). They began a campaign of distributing leaflets across the country calling for immediate reforms, including multiparty elections. In an attempt to stop this, the police began to seize fax machines, photocopiers, computers, and typewriters from offices, schools, and anyone else with the equipment.

In the months that followed a series of antigovernment demonstrations swept across the country. Several of these manifestations descended into riots and widespread looting in the cities of Blantyre and Lilongwe, especially targeting businesses owned by President Hastings Kamaza Banda and leaders of the ruling party. The government reacted repressively and led to a crack-down on a wide-scale basis. The universities were closed and any protests were violently suppressed (van Donge 1995: 230). In the events, more than 40 people were reported killed and 125 injured as paramilitary police opened fire on the large crowds involved in the demonstrations (*Africa Research Bulletin* 1-31 April 1992).

On 18 October 1992, only five months after the emergence of vocal opposition accompanied by donor demands for democratic reform and, President

Hastings Kamaza Banda went on the national radio and announced that he had decided that the a referendum would be held to determine if Malawi should turn to multiparty system or remain a one-party state. In his speech, he expressed confidence that Malawians would continue to support the regime he had founded.

The Role of External Aid Providers

The timing of Banda's announcement clearly had a foreign audience in mind. A World Bank Consultative Group meeting, an ad hoc body designed to coordinate donor action against Malawi, was to take place later in October 1992. In reaction to Banda's decision to hold a referendum, Baroness Linda Chalker, the British Overseas Aid Minister, indicated that Western donors would not resume aid to Malawi until lasting political changes had taken place. A referendum was only the beginning in a more significant, long-term process of democratization. Chalker said that the current suspension of aid to Malawi would remain in place and was vital in bringing about democratic changes there (*African Research Bulletin* 1-30 September 1992). This remained the donor's line even after Banda's surprise announcement of the referendum.

The freezing of international economic assistance began to hit Malawi almost immediately. On the economic front, conditionality led within the first month to a foreign exchange crisis, a devaluation of the Malawian currency, the kwacha, by 22%, and the resignation of the governor of the Reserve Bank of Malawi. The removal of donor assistance in 1992 led the Malawian economy to rapidly contract by an annual rate of 7.33%, the worst annual downturn since independence (World Bank, *World Development Indicators* 2012). To stave off an eminent collapse, the regime quickly began looking for alternative sources of foreign assistance and turned to North Korea and China, to little avail (*Africa Confidential* 22 May 1992). This economic decline led to some unexpected problems for the aid suppliers. The question that was posed by donors was how long can aid be removed from Malawi without causing a total meltdown of the economy and potentially a humanitarian disaster? Nonetheless, donors maintained their aid sanction. Aid would only recommence when "substantive progress has been made" (*Agence France Presse* 22 June 1993).

Presidential Elections

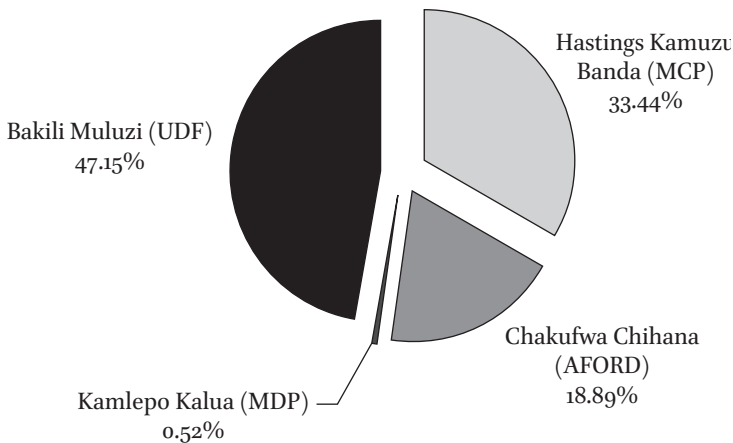
On 17 May 1994, thirty years of one-party, authoritarian rule came to an end with the holding of Malawi's multiparty presidential elections. In only months of official existence, it seems amazing that the opposition movements were ready for the highly complicated task of competing in a national election. The

political formations had little time to develop a national constituency and the electorate was pressed to become familiar with the numerous candidates and their platforms. Some observers of the transition have even gone so far as to say that it was as if the election was run in a political vacuum. (Kaspin, 1995, p. 611) Perhaps even more incredible is the fact that the former ruling party the MCP and the former President for Life Banda lost the election (see the figure below) and accepted the results without any serious contestation, fraud, or violence.

As with the referendum, the results of the presidential poll also had a regional bias: AFORD took the North, UDF won mainly in the South, and Banda was overwhelmingly victorious in the Center. This shows the MCP regime's close engagement with people in the Center region to the detriment of the North and the South. Unfortunately for Banda, the majority of the population lives outside the Center. The opposition was split between AFORD behind the trade unionist Chakufwa Chihana, mostly returned exiles, and the UDF candidate Bakili Muluzi. Finally, it is important to point out that Muluzi did not secure an outright majority, gaining only 47.15% in the presidential election of 1994.

Perhaps most amazingly, Banda and the MCP accepted defeat and handed power to Muluzi and his UDF party. Multiparty democracy had taken root in Malawi with this peaceful transfer of power. The conditionality approach pursued by donors had emboldened domestic opposition forces to push for real democratic reform in Malawi.

Figure 3
17 May 1994 Presidential Election Results



Source: African Elections Database

Empirical Findings

Given the four hypotheses presented earlier, this next section examines Malawi's democratization process and the role of external and domestic actors in this country's dramatic transformation.

Aid Dependency

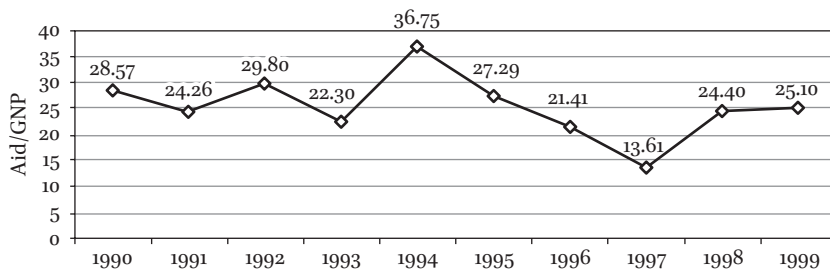
Aid matters to Malawi, and therefore it makes sense to argue that donor conditions on that aid should matter as well. The removal of economic assistance undermines Malawi's government and its economy. This dependency on foreign assistance dramatically increased for the Southern African country after the mid-1980's, making Malawi one of the most aid dependent countries in the world. In the decade from 1990 to 1999, foreign economic assistance represented an average of more than a quarter of Malawi's Gross National Product. In 1992, annual development assistance accounted for a total of \$63.69 per person. Given an annual GNP per capita of around only \$200, the loss of these resources could definitely have negative consequences. This level of extreme dependency on foreign assistance certainly meant that donor actions should leave an impression on the behavior of Malawi's leadership.

Furthermore, as a percentage of central government expenditures, economic assistance to Malawi rose from 32% in 1985 to an unbelievable 105% only five years later in 1990. Aid not only matters to Malawi, it is crucial to the country.

Donor Coordination: World Bank Consultative Group

One of the central findings of political conditionality literature is that coordinated action between donors, especially the top aid contributors, can send a

Figure 4
Malawi's Aid Dependency (Aid/GNP)



Source: World Bank's World Development Indicators

strong message to an errant aid recipient. In the case examined here, the primary donor, Great Britain, moved to sanction some of its aid to Malawi because of its poor human rights record shortly before the distribution of the Pastoral Letter and the arrest of Chihana. In 1991 at a meeting of European Community development ministers, British Minister for Overseas Development, Lynda Chalker, Malawi had been informed "that Britain expected greater political freedom and respect for human rights" (*Africa Confidential* 20 December 1991). Other aid providers, however, did not immediately follow this move. But, after the bishop's letter and Chihana's arrest, donors collectively began to run out of patience with Banda and his ruling clique. As the donor community began to react, the Banda regime began to breakdown.

In response to the Malawian government's crackdown on opposition leaders and protests in the spring of 1992, many Western donors began to call for an aid freeze at the World Bank organized Paris Consultative Group meeting of bilateral donors on 11 May 1992 (Lobe 1992). Generally, the aid supplying countries were increasingly in agreement that they should use their assistance to leverage better human rights behavior and reform towards political pluralism. To compound the problem, the situation in Malawi would worsen only days before the donors' conference, pushing their hand even more. About a week before the donor meeting, on 5 May 1992, a strike at a textile plant in the country's commercial center of Blantyre descended into antigovernment street demonstrations and looting which was violently suppressed by the security forces. Reports out Malawi indicated that 38 had been killed by police in the two days of unrest (Holman 1992). The overly aggressive behavior of the paramilitary police particularly caught the attention of the donors, and for some represented the final straw in their decision to apply further aid sanctions.

As a result of Banda's heavy-handedness and his reluctance to institute political reforms, and after close consultations, donors met to discuss a reaction to the situation in the country and future aid allocations to Malawi. The World Bank-chaired Consultative Group was widely attended with delegations from the United Kingdom, Germany, Denmark, France, the United States, Japan, Portugal, the African Development Bank, the International Monetary Fund, the European Commission, the International Fund for the Development of Agriculture and the United Nations Development Program. Representatives from the United Nations High Commission for Refugees, the World Food Program, as well as observers from Italy, Canada and the Organization for Economic Cooperation and Development were also present. The large number of donors present at the gathering strengthened their decisions and certainly made a significant impression on the Malawian leadership. The group of donors announced the suspension of all bilateral, non-humanitarian assistance to the government of Malawi. Only humanitarian aid would continue to

help fight the consequences of the drought and to assist the Mozambican refugees in the country. This decision was put into effect for six months, pending a clear sign of improvement in the human rights situation and the undertaking of political reforms. "Donors are seeking tangible and irreversible evidence of a basic transformation in the way Malawi approaches basic freedoms and human rights," according to a World Bank statement issued in Paris (Richburg 1992). Donors stated that dialogue with Malawi would resume as soon as the government in Lilongwe "presents proof of having taken concrete measures with respect to human rights and the democratization of political life," stated the World Bank Director for Southern Africa, Stephen Denning (Inter-Press Service 13 May 1992). Denning said in a separate statement after the meeting that donors were "looking for action, rather than reassurances" (Hall 1992). The emergent domestic opposition in Malawi supported this move. In line with a conditionality approach, they "called on Western aid donors to freeze disbursement of money unless Dr. Banda's government met a series of demands ranging from the freeing of political prisoners to the revocation of the section of the constitution that makes Dr. Banda's Malawi Congress the sole legal political organization" (*Africa Research Bulletin* 1-31 March 1992).

This concerted effort on the part of donors, combined with the high levels of aid dependence in Malawi, sent a clear signal to the Banda regime that changes had to be made. This external pressure for democratization was considerably strengthened by stance presented by the domestic opposition.

Domestic Opposition

As discussed earlier, most of the literature concerning democratic transitions focuses on domestic factors, almost completely ignoring international influences or any combination of the two (Bratton and van de Walle 1992, Chazan, 1992, Riley 1992, Boke, 1997, Bratton and van de Walle 1997, Joseph 1997). The primary catalyst according to these scholars for political reform is the presence of a strong, organized domestic opposition. Therefore, one cannot escape discussing democratization without referring oppositions in some way. As Crawford indicates "... external intervention is more successful when it combines with the internal pressure exerted by an active political opposition" (Crawford 2001: 201). As a consequence, this project holds that a strong and active domestic political opposition can be strengthened by international pressure and have an increased likelihood of reform. The annual frequency of domestic opposition protests and the number of deaths associated with these activities serve as a rough proxy for the magnitude of anti-regime opposition in Malawi. The results can be seen in Table 1.

Table 1
 Frequency of Protest Activity and Civilian Deaths in Malawi, 1990-1999
 (Source: SCAD)

	Annual Number of Protests	Annual Civilian Deaths in Protests
1990	1	20
1991	0	0
1992	9	78
1993	8	23
1994	4	0
1995	8	0
1996	1	0
1997	2	0
1998	5	0
1999	9	5

From this data, one can easily discern that the number of annual protest and the number of associated civilian deaths increases dramatically during the time period in question (1992-1993). The Banda regime tried to repress the opposition in 1992, killing 78 civilians in nine major demonstrations in the process. However, opposition activists kept up the momentum through 1993. This internal, pro-reform opposition combined with pressure from the international donor community combined to send a strong signal to the Banda regime, and eventually to topple it.

Conclusion

Malawi represents a successful case of the application of a political conditionality approach by donors. However, this considerable external pressure added strength to a vibrant domestic opposition. Donors were able to use their economic assistance to leverage democratization in an extremely intransigent authoritarian regime. Three critical factors identified in this study clearly assisted this momentous political transition. The key variables include: close inter-coordination of donor action, extremely high levels of aid dependence, and a highly determined domestic opposition.

Yet there are shortcomings to such a conditionality approach. Admittedly, over the years the democratization process in Malawi has been difficult to maintain. The omnipresent obstacles of deep patronage networks, clientelism

and corruption are only a few of the elements that have undermined the democratization process in Malawi since the move towards multiparty rule in the mid-1990s. While aid conditions were sufficient for donors to apply pressure for a political transition at that time, their aid sanctions were not able to help Malawi consolidate and deepen democracy. Nonetheless, in Malawi, aid conditionality from the primacy donors appeared to have bolstered the domestic pro-democracy opposition and their push to topple a highly recalcitrant authoritarian regime from power.

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